Quarterly Report

September 30, 2011

Farm Credit Services of Mid-America, ACA

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial position and consolidated results of operations of Farm Credit Services of Mid-America, ACA and its subsidiaries. The accompanying consolidated financial statements and notes also contain important information about our financial position and results of operations. Our 2010 annual report should also be read for a description of our organization, operations and significant accounting policies.

AgriBank, FCB's (AgriBank) financial condition and results of operations materially affect shareholders' investment in Farm Credit Services of Mid-America, ACA. To request free copies of the AgriBank and combined AgriBank and Affiliated Associations' financial reports or additional copies of our report contact:

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LOAN, INVESTMENT SECURITIES AND LEASE PORTFOLIOS

Loans, investment securities and lease assets totaled $16.1 billion as of September 30, 2011, about a 3.0% increase in volume from year end 2010. The gains can be attributed to a strong agricultural economy with farm real estate sales being the primary source of new loan growth in the commercial farmer market. Small, part-time farmer and rural resident lending also showed renewed strength through the summer months, but general economic challenges continue to exist.

Total loan volume by customer segment follows (in billions):

Market Segment	Gross Farm Income (in thousands)	September 30, 2011	December 31, 2010
Commercial Farmers	Over $250	**$4.3**	$4.0
Full-time Farmers	$100 - $250	**$1.0**	$1.0
Part-time Farmers	Less than $100	**$5.9**	$5.7
Rural Home	$0	**$1.0**	$1.0
Agribusiness	n/a	**$3.9**	$3.9
		$16.1	$15.6

Risk Assets

The following table summarizes risk assets (accruing volume includes accrued interest receivable) and delinquency information (in thousands):

As of:	September 30 2011	December 31 2010
Loans:		
Accruing restructured	**$9,758**	$10,150
Past due 90 days or more still accruing	**8,128**	1,318
Nonaccrual	**288,599**	275,891
Total risk loans	**306,485**	287,359
Other property owned	**30,275**	23,907
Total risk assets	**$336,760**	$311,266
Nonaccrual loans as a % of total loans	**2.0%**	1.9%
Risk loans as a % of total loans	**2.1%**	2.0%
Total delinquencies as a % of total loans	**1.5%**	1.6%

Total risk assets increased from December 31, 2010 primarily due to the increase in nonaccrual loans, a result of deterioration of some livestock loans, timber and nursery loans, and part-time farmer loans whose income has been reduced by the general economic slowdown.

Loans past due 90 days or more and still accruing have increased due to two loans that are well secured and expected to payoff in November. Based on our analysis, loans past due 90 days or more and still accruing interest were adequately secured and in the process of collection and, as such, were eligible to remain in accruing status.

Other property owned has increased primarily due to the acquisition of properties associated with our small acreage and residential loan portfolio.

Loan Portfolio Credit Quality

The credit quality of our portfolio has remained stable from December 31, 2010. Adversely classified assets have decreased to 4.1% of the portfolio at September 30, 2011, from 4.2% of the portfolio at December 31, 2010. Adversely classified assets are assets we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

Agricultural and Economic Conditions

In general, agricultural conditions in our territory continued to be positive through the third quarter. However, there is some concern with the negative impact continued high grain prices could have on livestock, dairy and poultry producers in the future. The slow growth of the general economy and high unemployment continue to be significant concerns, since a high percentage of our customers rely on off-farm employment to supplement farm earnings or for the major source of earnings for debt service and family living. The forecast is for continued slow economic growth and significantly higher than normal unemployment.

While residential and commercial land values have decreased over the last four years, agricultural land values escaped the declines that other assets suffered during the recession and in some areas have significantly increased in value. This is largely because the agricultural sector, particularly crop production, remained profitable throughout the economic crisis period, and major agricultural lenders such as the Farm Credit System retained the capacity to continue lending for land purchases, unlike lenders to industrial or consumer sectors. In order to retain the capacity to lend in poor economic environments as well as good ones, our credit risk policies emphasize loan repayment capacity in addition to conservative assessments of collateral values that secure loans.

As a result our loan underwriting standards cause us to be conservative when evaluating collateral where land values are rapidly increasing.

Allowance for Loan Losses

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on periodic evaluation of factors such as loan loss history, portfolio quality and current economic and environmental conditions.

Comparative allowance coverage of various loan categories follows:

Allowance as a percentage of:	**September 30 2011**	December 31 2010
Loans	**0.7%**	0.9%
Nonaccrual loans	**35.6%**	45.6%
Total risk loans	**33.5%**	43.8%

We recorded a reversal of allowance for loan losses during the third quarter of 2011, resulting in a year-to-date provision of $24 thousand. This reversal resulted from an enhancement to our methodology for determining loss rates which provides for recognition of strong collateralization within the portfolio. In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at September 30, 2011.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2011, totaled $191.6 million compared to $161.1 million for the same period of 2010. The following table illustrates profitability information:

As of September 30	**2011**	2010
Return on average assets	**1.6%**	1.4%
Return on average members' equity	**10.2%**	9.4%

The following table summarizes the changes in components of net income for the nine months ended September 30, 2011, compared to the same period of 2010 (in thousands):

Increase (decrease) in net income	**2011 vs 2010**
Net interest income[(a)]	**$12,379**
Provision for loan losses[(b)]	**51,867**
Patronage income	**(1,237)**
Other income, net[(c)]	**(21,208)**
Operating expenses[(d)]	**(9,077)**
Provision for income taxes[(e)]	**(2,188)**
Total change in net income	**$30,536**

[(a)]Net interest income was $234.1 million for the nine months ended September 30, 2011 compared to $221.7 million for the nine months ended September 30, 2010. The following table quantifies changes in net interest income between these two periods (in thousands):

Change in net interest income	**2011 vs 2010**
Changes in volume	**$17,275**
Changes in rates[(f)]	**(6,332)**
Changes in nonaccrual income and other	**1,436**
Net change	**$12,379**

[(b)]The significant change in the provision for loan losses is related to the reversal of allowance for loan losses we recorded in the third quarter of 2011. This reversal resulted from an enhancement to our methodology for determining loss rates which provides for recognition of strong collateralization within the portfolio. Additionally, over the same period of the prior year we increased our provision based on higher than historical averages of chargeoffs, nonaccrual loans, and adverse loans.

[(c)] The decrease in other income is primarily due to our share of distributions received in the first quarter of 2010 from Allocated Insurance Reserve Accounts (AIRA). These reserve accounts were established in previous years by the Farm Credit System Insurance Corporation when premiums collected increased the level of the Insurance Fund beyond the required 2% of insured debt. There has been no distribution in 2011. Increased expenses related to other property owned and decreased fee income also resulted in less other income.

[(d)] The operating expense increases were primarily related to increases in salaries and employee benefits in combination with increased Farm Credit Insurance premiums.

[(e)]The change in provision for income taxes is related to an increase in taxable income.

[(f)]The decrease in net interest income caused by changes in rates is due to the 0.35% interest rate reduction on all direct loans effective February 1, 2011, partially offset by other increases in spread.

Changes in our return on average assets and return on average members' equity are directly related to the changes in income discussed above, changes in assets discussed in the Loan, Investment Securities and Lease Portfolios section and changes in capital discussed in the Funding, Liquidity and Capital section.

FUNDING, LIQUIDITY AND CAPITAL

The Farm Credit System is a government-sponsored enterprise that has benefited from broad access to domestic and global capital markets. This access has provided us with a dependable source of competitively priced debt which is critical for supporting our mission of providing credit to agriculture and rural America. On August 5, 2011 Standard and Poor's Rating Services lowered the U.S. government rating to AA+, followed by a similar rating change for the Farm Credit System on August 8, 2011. The impact of these downgrades and any potential future downgrade by other rating agencies on the System's credit ratings, if they were to occur in the future, may increase our borrowing costs and may limit Farm Credit System access to the capital markets, reducing our flexibility to issue debt across the full spectrum of the yield curve.

We borrow from AgriBank in the form of a line of credit. Our promissory note matured on April 30, 2011, and was renewed for $16.1 billion with a maturity date of April 30, 2012. The note will be renegotiated at that time. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio which significantly reduces our market interest rate risk.

Total members' equity increased $193.0 million from December 31, 2010, due primarily to net income for the period and an increase in capital stock and participation certificates.

Farm Credit Administration regulations require us to maintain a permanent capital ratio of at least 7%, a total surplus ratio of at least 7% and a core surplus ratio of at least 3.5%. Refer to Note 8 in our 2010 annual report for a more complete description of these ratios. As of September 30, 2011, the ratios were as follows:

- The permanent capital ratio was 14.5%.
- The total surplus ratio was 14.0%.
- The core surplus ratio was 14.0%.

The capital adequacy ratios are directly impacted by the changes in capital as more fully explained above and the changes in assets as further discussed in the Loan, Investment Securities and Lease Portfolios section.

CERTIFICATION

The undersigned certify they have reviewed Farm Credit Services of Mid-America, ACA's September 30, 2011, quarterly report. It has been prepared under the oversight of the audit committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

George Stebbins
Chairperson of the Board
Farm Credit Services of Mid-America, ACA

William L. Johnson
Chief Executive Officer
Farm Credit Services of Mid-America, ACA

Paul Bruce
Chief Financial Officer
Farm Credit Services of Mid-America, ACA

November 9, 2011

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Services of Mid-America, ACA

(Dollars in thousands)

(Unaudited)

	September 30 2011	December 31 2010
ASSETS		
Loans	**$14,414,236**	$14,053,942
Allowance for loan losses	**102,744**	125,787
Net loans	**14,311,492**	13,928,155
Investment in AgriBank, FCB	**415,831**	416,714
Investment securities	**1,389,858**	1,298,905
Accrued interest receivable	**147,657**	130,802
Premises and equipment, net	**32,492**	34,010
Other earning assets	**208,141**	271,957
Other property owned	**30,275**	23,907
Assets held for lease, net	**256,454**	258,375
Other assets	**42,067**	79,945
Total assets	**$16,834,267**	$16,442,770
LIABILITIES		
Note payable to AgriBank, FCB	**$14,009,240**	$13,800,593
Accrued interest payable	**94,820**	98,291
Net deferred income tax liability	**76,146**	68,224
Other liabilities	**28,909**	43,523
Total liabilities	**14,209,115**	14,010,631
Contingencies and commitments	**--**	--
MEMBERS' EQUITY		
Protected members' equity	**--**	8
Capital stock and participation certificates	**81,382**	79,957
Unallocated surplus	**2,543,770**	2,352,174
Total members' equity	**2,625,152**	2,432,139
Total liabilities and members' equity	**$16,834,267**	$16,442,770

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Farm Credit Services of Mid-America, ACA

(Dollars in thousands)

(Unaudited)

	Three Months		*Nine Months*	
Period ended September 30	**2011**	2010	**2011**	2010
Interest income	**$175,135**	$180,464	**$520,625**	$544,739
Interest expense	**94,840**	104,274	**286,520**	323,013
Net interest income	**80,295**	76,190	**234,105**	221,726
(Reversal of) provision for loan losses	**(22,931)**	8,016	**24**	51,891
Net interest income after (reversal of) provision for loan losses	**103,226**	68,174	**234,081**	169,835
Other income				
Patronage income	**12,105**	12,592	**36,613**	37,850
Financially related services income	**2,102**	2,266	**3,053**	4,033
Fee income	**5,789**	7,658	**9,852**	13,219
Allocated insurance reserve account distribution	**--**	--	**--**	14,922
Operating lease income	**2,899**	2,843	**8,934**	8,669
Other property owned (losses) income, net	**(567)**	(474)	**(3,125)**	(1,035)
Miscellaneous income (loss), net	**20**	(499)	**462**	576
Total other income	**22,348**	24,386	**55,789**	78,234
Operating expenses				
Salaries and employee benefits	**18,749**	17,440	**53,490**	48,508
Other operating	**12,224**	10,648	**34,883**	30,788
Total operating expenses	**30,973**	28,088	**88,373**	79,296
Income before income taxes	**94,601**	64,472	**201,497**	168,773
Provision for income taxes	**4,537**	2,429	**9,901**	7,713
Net income	**$90,064**	$62,043	**$191,596**	$161,060

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
Farm Credit Services of Mid-America, ACA
(Dollars in thousands)
(Unaudited)

	Protected Members' Equity	Capital Stock and Participation Certificates	Unallocated Surplus	Total Members' Equity
Balance at December 31, 2009	$9	$77,917	$2,138,222	$2,216,148
Net income	--	--	161,060	161,060
Capital stock/participation certificates issued	--	4,926	--	4,926
Capital stock/participation certificates retired	--	(3,568)	--	(3,568)
Balance at September 30, 2010	$9	$79,275	$2,299,282	$2,378,566
Balance at December 31, 2010	**$8**	**$79,957**	**$2,352,174**	**$2,432,139**
Net income	**--**	**--**	**191,596**	**191,596**
Capital stock/participation certificates issued	**--**	**4,990**	**--**	**4,990**
Capital stock/participation certificates retired	**(8)**	**(3,565)**	**--**	**(3,573)**
Balance at September 30, 2011	**$ --**	**$81,382**	**$2,543,770**	**$2,625,152**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: Organization and Significant Accounting Policies

Our 2010 annual report contains a description of our organization and operations, significant accounting policies followed, and financial condition and results of operations as of and for the year ended December 31, 2010. These unaudited third quarter 2011 consolidated financial statements should be read in conjunction with the 2010 annual report.

The accompanying consolidated financial statements contain all adjustments necessary for a fair presentation of the interim consolidated financial condition and consolidated results of operations. Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America and the prevailing practices within the financial services industry. The results of the nine months ended September 30, 2011, are not necessarily indicative of the results to be expected for the year ended December 31, 2011.

The consolidated financial statements present the consolidated financial results of Farm Credit Services of Mid-America, ACA (the parent) and Farm Credit Services of Mid-America, FLCA and Farm Credit Services of Mid-America, PCA (the subsidiaries). All material intercompany transactions and balances have been eliminated in consolidation.

Recent Accounting Developments

In September 2011, the Financial Accounting Standards Board (FASB) issued guidance entitled, “Compensation – Retirement Benefits – Multiemployer Plans.” The guidance is intended to provide more information about an employer’s financial obligations to multiemployer pension and post-employment benefit plans which should help financial statement users better understand the financial health of significant plans in which the employer participates. For non-public entities, the disclosures are effective for annual reporting periods ending on or after December 15, 2012. The adoption of this guidance is not expected to have an impact on our financial condition or results of operations, but will result in additional disclosures.

In May 2011, the FASB issued guidance entitled, “Fair Value Measurement – Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs.” The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. The amendments include the following:

- Application of the highest and best use and valuation premise is only relevant when measuring the fair value of nonfinancial assets.
- An exception to the requirement for measuring fair value when a reporting entity manages its financial instruments on the basis of its net exposure, rather than its gross exposure, to market risks such as interest rate risk and credit risk of counterparties.
- Expansion of the disclosures about fair value measurements. New disclosures are required about the use of a nonfinancial asset measured or disclosed at fair value if its use differs from its highest and best use. In addition, entities must report the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed.

The amendments are to be applied prospectively. The amendments are effective during interim and annual periods beginning after December 15, 2011. Early application is not permitted. The adoption of this guidance is not expected to have a significant impact on our financial condition or results of operations, but will result in additional disclosures.

In April 2011, the FASB issued guidance entitled “A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring”. This guidance provides additional clarification to creditors for evaluating whether a modification or restructuring of a receivable is a troubled debt restructuring. The guidance is effective for non-public entities for annual periods ending on or after December 15, 2012, including interim periods within those annual periods. The adoption of this guidance is not expected to have a significant impact on our financial condition or results of operations, but will result in additional disclosures.

In July 2010, the FASB issued guidance on “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses.” This guidance is intended to provide additional information to assist financial statement users in assessing an entity’s credit risk exposures and evaluating the adequacy of its allowance for credit losses. Existing disclosures are amended to include additional disclosures of financing receivables on a disaggregated basis and also calls for new disclosures. For non-public entities, the disclosures are effective for interim and annual reporting periods ending on or after December 15, 2011. The adoption of this guidance is not expected to have an impact on our financial condition or results of operations, but will result in additional disclosures.

NOTE 2: Investment Securities

We held investment securities of $1.4 billion at September 30, 2011, and $1.3 billion at December 31, 2010, consisting of loans guaranteed by the Small Business Administration (SBA), Farm Services Administration (FSA), and U.S. Department of Agriculture (USDA). Additionally, we held investments made up of Agricultural and Rural Community bonds (ARC bonds). The investments have been classified as held-to-maturity. The investment portfolio is evaluated for other-than-temporary impairment. To date, we have not recognized any impairment on our investment portfolio.

The following table presents the amortized cost, unrealized gains and losses, and fair value of the investment securities (in thousands):

	Weighted Average Yield	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
As of September 30, 2011					
SBA	**2.2%**	**$435,904**	**$7,913**	**$3,695**	**$440,122**
FSA	**4.6%**	**102,089**	**2,815**	**470**	**104,434**
ARC bonds	**5.8%**	**35,165**	**3,787**	**--**	**38,952**
USDA	**2.6%**	**816,700**	**877**	**28,132**	**789,445**
Total	**2.7%**	**$1,389,858**	**$15,392**	**$32,297**	**$1,372,953**
As of December 31, 2010					
SBA	2.3%	$407,234	$6,939	$3,052	$411,121
FSA	5.2%	103,555	2,942	225	106,272
ARC bonds	5.9%	34,920	1,221	61	36,080
USDA	2.6%	753,196	715	26,921	726,990
Total	2.7%	$1,298,905	$11,817	$30,259	$1,280,463

Investment income is recorded in "Interest income" on the Consolidated Statements of Income and totaled $27.0 million for the nine month period ended September 30, 2011, and $23.3 million for the nine month period ended September 30, 2010.

The following table presents contractual maturities of our investment securities (in thousands):

As of September 30, 2011	**Amortized Cost**
Less than one year	**$108**
One to five years	**31,662**
More than five to ten years	**260,225**
More than ten years	**1,097,863**
Total	**$1,389,858**

A summary of investments in an unrealized loss position presented by the length of time that the investments have been in a continuous unrealized loss position follows (in thousands):

	Less than 12 months		**More than 12 months**	
As of September 30, 2011	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
SBA	**$71,165**	**$1,907**	**$74,556**	**$1,788**
FSA	**9,721**	**352**	**4,063**	**118**
USDA	**184,757**	**10,129**	**516,082**	**18,003**
Total	**$265,643**	**$12,388**	**$594,701**	**$19,909**

Unrealized losses associated with investment securities are not considered to be other-than-temporary due to the 100% guarantee of the principal by the U.S government. However, the premium paid to purchase the investment is not guaranteed and is amortized over the weighted average maturity of each loan as a reduction to interest income. Repayment of principal is assessed at least quarterly, and any remaining unamortized premium is taken as a reduction to interest income if principal repayment is unlikely, or when a demand for payment is made for the guarantee. At September 30, 2011, most of the $32.3 million unrealized loss represents unamortized premium.

NOTE 3: Allowance for Loan Losses

A summary of changes in the allowance for loan losses follows (in thousands):

Nine months ended September 30	**2011**	2010
Balance at beginning of year	**$125,787**	$64,453
Provision for loan losses	**24**	51,891
Loan recoveries	**4,639**	2,240
Loan charge-offs	**(27,706)**	(26,738)
Balance at end of period	**$102,744**	$91,846

We recorded a reversal of allowance for loan losses during the third quarter of 2011, resulting in a year-to-date provision of $24 thousand. This reversal resulted from an enhancement to our methodology for determining loss rates which provides for recognition of strong collateralization within the portfolio.

The following table presents information concerning risk loans (in thousands):

As of:	**September 30 2011**	December 31 2010
Volume with specific reserves	**$55,806**	$72,801
Volume without specific reserves	**250,679**	214,558
Total risk loans	**$306,485**	$287,359
Total specific reserves	**$14,512**	$20,418
Nine months ended September 30	**2011**	2010
Income on accrual risk loans	**$618**	$483
Income on nonaccrual loans	**6,657**	5,221
Total income on risk loans	**$7,275**	$5,704
Average recorded investment	**$303,114**	$245,033

NOTE 4: Contingencies and Commitments

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the accompanying consolidated financial statements. We do not anticipate any material losses because of these contingencies or commitments.

From time to time, we may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these consolidated financial statements, we were not aware of any such actions that would have a material impact on our financial condition. However, such actions could arise in the future.

NOTE 5: Fair Value Measurements

The FASB guidance on "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance also establishes a fair value hierarchy, with three levels of inputs that may be used to measure fair value.
Refer to Notes 2 and 13 in our 2010 annual report for a more complete description.

We do not have any assets or liabilities measured at fair value on a recurring basis at September 30, 2011, or December 31, 2010. We may be required, from time to time to measure certain assets at fair value on a non-recurring basis. Information on assets measured at fair value on a non-recurring basis is as follows (in thousands):

	Fair Value Measurement Using			Total Fair Value	Total Gains (Losses)
	Level 1	**Level 2**	**Level 3**		
September 30, 2011					
Loans	**$ --**	**$43,359**	**$ --**	**$43,359**	**$5,906**
Other property owned	**--**	**--**	**31,486**	**31,486**	**(2,583)**
December 31, 2010					
Loans	$ --	$56,111	$ --	$56,111	$4,054
Other property owned	--	--	24,863	24,863	(401)

Loans: Represents the carrying amount and related write-downs of loans which were evaluated for individual impairment based on the appraised value of the underlying collateral. The fair value measurement would fall under level 2 of the hierarchy if the process uses independent appraisals and other market-based information. The fair value measurement would fall under level 3 of the hierarchy if the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral, and other matters. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other Property Owned: Represents the fair value and related losses of foreclosed assets that were measured at fair value based on the collateral value, which is generally determined using appraisals or other indications based on sales of similar properties. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 6: Subsequent Events

We have evaluated subsequent events through November 9, 2011, which is the date the financial statements were available to be issued. There have been no material subsequent events that would require recognition in our quarterly report or disclosure in the Notes to those financial statements.